World Chronicle

UNITED NATIONS

PROGRAMME: No. 737 recorded 9 February 1999

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United Nations

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ADMINISTRATION

The prompt collection of assessments is the bedrock of United Nations financial stability. There are no other sources of funds with which to maintain the Organization or carry out the mandates entrusted to it by Member States. The Organization has no capital and the Secretary-General is not permitted to borrow. The Organization is owed more than 3.6 billion dollars by Member States. With such lack of funds, how can the United Nations continue its work in peacekeeping and development? In this edition of **World Chronicle**, Joseph Connor, Under-Secretary-General for Administration and Management, discusses the financial difficulties of the Organization.

WORLD CHRONICLE is produced by the Media Division, Department of Public Information, United Nations, New York, NY 10017, U.S.A.

Duration:	27:59"
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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**. The financial state of the United Nations continues to be precarious. The Organization is owed more than 3.6 billion dollars, mostly unpaid arrears for administrative and peacekeeping budgets. The Organizations has survived by borrowing from peacekeeping funds, but how long can this practice continue? The United States alone owes the UN more than 1.6 billion dollars in accumulated debts.

Our guest today is responsible for the United Nations budget during this difficult period. He is Under-Secretary-General for Administration and Management, Joseph Connor. Joining me to talk with Mr. Connor, is Ian Williams of *The Nation* and Walter Pfaeffle of *Kuwait News Agency, KUNA*.

Under-Secretary-General Connor, welcome to **World Chronicle**.

CONNOR: Thank you very much.

LITTLEJOHNS: Mr. Connor, when you came on board in 1994, there was a perception that the UN management had been rather flabby. This was the perception, particularly in Washington, and accounted to some extent for the fact that the United States was becoming more and more reluctant to pay its dues. Now, you have been around for almost five years, do you feel that the goals that you set for yourself and for the Organization when you came on board have more or less been attained?

CONNOR: Some yes and some no, some partially. If you look at budget numbers, staffing numbers, to indicate progress the budget is down, staff is down even more, probably ten percent in the last couple of years, 23 percent the last 12 or 13 years. That's not bad. The budget is a constant source of scrutiny because budget priorities change. So while the total has gone down slightly, it masks the fact that to keep the budget relatively flat over a period of six years, we had to cut personnel, meetings, paper, to the tune of 350 million dollars. That's probably about 15 percent just to stay even given inflation and the vagaries of foreign exchange. We're going to face that again this year.

Every other year, there are new hurdles to jump.

LITTLEJOHNS: What about reductions in staff? The Secretary-General said fairly recently that he felt that in this area you've pretty much cut to the bone and that the efficiency of the Organization would suffer if you cut much further. What's your feeling about that?

CONNOR: Well, I mentioned the track record now let me we put some numbers on it. Twelve and a half thousand people in 1985. Two years ago, we were down to ten thousand, we're down to eighty-eight hundred. As you see, what I'm really to say ....

LITTLEJOHNS: As of today, we have eighty-eight hundred?

CONNOR: This is not a very big Organization. There are bits and pieces of it. When you add them all together, it's quite sizable. But the core of the United Nations, the building we're in, as we sit here talking, eighty-eight hundred people ...

LITTLEJOHNS: And they're all in this building?

CONNOR: No, but most of them are. We also have people in Geneva, the Regional Commissions, but this type of business that we're in, serving Member States, is highly focussed here. I think that you get to a certain point where something new requires some additional people and we're now in a mode of trying to balance. If we add, we also subtract. One you learn in first grade the other you learn in the second grade. It's important to keep that balance. We have priorities to feed – drugs, human rights – very clearly. We want more people, more programme dollars in those activities. We've got to find a way to cut back and I guess I'm the department that gets the cut back and it's my personal conviction that we can cut our administrative costs. It's never easy. It's always done with great anguish because they are individuals involved.

LITTLEJOHNS: You mean by cutting staff?

CONNOR: Yes.

LITTLEJOHNS: Because you have been quite innovative in saving money in the UN by the introduction of computers, the Internet, and so on – are you going to do more of that?

CONNOR: Oh, absolutely. Some of the things that we're looking at, we would

do in any event just because they are good things to do. For example, translation. There are now software packages, the quality of which is about 90 percent. Now, we do a lot of translation but if we can get 90 percent of the document translated mechanically, then we devote our human talent to sprucing up the remaining part of it. And that's here whether we have an expansion or a contraction. We want to use that sort of opportunity.

LITTLEJOHNS: Are you using these – are you doing that already?

CONNOR: We're beginning to do that. We constructed a new facility a few miles away from the Palais in Geneva. We input interpretation booths in all the meeting rooms. The reason was that we could remotely interpret a mile or two down the road so that the interpreters were not in the room where the meeting was going on. All of the documentation for the conference in Beijing was translated back in Geneva and it was back on the delegates desks the next morning because, of course, the clock helped us in that. So what I'm really saying is that the days of interpretation where you had to be in the room with the speaker, and translation when you have to be right there with the pen, not quite a pen and ink to do it, that's behind us. There are so many things like that that if you continue to sharpen up your eye and focus consistently, and frankly unrelentingly, we can squeeze resources out of our present base and devote them to something else. So my personal ambition is to constantly move the cost of administration out of that category and to buy something real. Things that do good for people. Administration does some good for people or I wouldn't be here but maybe not quite as good as human rights or some of our other prime business lines.

WILLIAMS: You're approaching the end of five years, presumably on a five-year contract, do you get remission for good behavior? Will you accept it or you're going to take parole sometime next year?

CONNOR: Ian, I have always made a habit never to talk about my own career. I will say that there were some moments when I was Chairman of Price Waterhouse, which I was for 15 years, when I watched very carefully as a vote was taken to see if I would get another five years. I suppose somebody's out there tabulating a vote on my performance. Here in this Organization, no.

WILLIAMS: But do you have a preference? Are you prepared for another five years of being ...

CONNOR: I just refuse to comment on that.

WILLIAMS: Well, we can move on to another fight. I'm looking at – you're in the middle, of course, because the staff look at you as the mad axe man, Washington looks at you as sort of the guy who is not cutting enough and I was introduced to Washington's idea of cuts. Four or five years ago, I went down during the big snowstorm which is when they discovered that to cut costs Marion Barry had sold all the snow plows. I was in the middle of the station in four feet of snow with no way to get to my hotel. So then after the Washington version of cuts, and I think it's highly applicable to the United Nations, of course, because it's like you can always save by shooting down the fire department until the first fire comes and then somebody in turn will call you to question. And this is the impression we get that when Washington talks about reforms what it means is cuts without really considering what you're talking about – a re-balancing of emphasis and what the Organization should actually be doing.

CONNOR: Well, but the equation has an equal sign in the middle. Do it better, do it for less. Use the resources you have now to create more output. It's kind of a game, it's kind of a challenge, and it's kind of interesting. I mentioned two or three things that we're doing. The trick in all this is to try to develop enthusiasm among those who have to do the exercise. Now, there are some things I'm really not very happy about. It takes an enormous length of time to recruit somebody to this Organization and it goes through three and four levels of review. Some of them, we have been able to do something about. For example, we no longer send people to interview prospective candidates in Indonesia. We set up a video conference. I think the first video conference happened when I came to this Organization. I was used to it in the private sector. The room was used 18 hours a day for video conferencing. We've now progressed to the point where every Wednesday morning the Secretary-General meets with his "Cabinet". They're there in one room, except most of them by video conference present are from Rome, from Nairobi, from Geneva, from New York. We never had that capability before and we suffered. So clearly,

we are doing better as an Organization because we now have a visible presence and one-on-one relationship through that medium. Probably costs us a little money but we can afford a dollar twenty-five an hour – that's all it costs.

LITTLEJOHNS: But Mr. Connor, despite this electronic capability, there's still a tremendous amount of travel. I'm reminded of the fact that the Head of the European Office spent several weeks of the General Assembly late 1998 in New York when his job is really in Geneva. Why was that?

CONNOR: There are a lot of reporting sessions in New York, going to various committees, going to the General Assembly where it has been traditional to have a human presence in the room. But you're wrong, travel is going down. That expense is down. Paper is going down, not up. You always find isolated cases and you scratch your head and say why this meeting? Why was it necessary? Why does somebody have to come to this country – to New York? We ask that question all the time. And our use of video conferencing has just exploded. All budget reviews are either done in presence, and we are talking about the New York-based programme, but by video conferencing with everybody else. Now it's more efficient to do it that way but it's also better. When I first came to the Organization, the numbers would come in to New York, they'd massage them as we say, they send them back. Nobody ever talked to anybody else. I would not have liked to open the mail following my return trip and find out that was my budget. So the human element can be restored through video conferencing, and we're doing that. I'd like to get back to recruiting. Very clearly, we have major impediments to overcome. When it takes more than 400 days to recruit somebody, you've got the wrong system and it's because there's an excess of oversight. Now stripping away those layers is very important. Programme managers want somebody to do a job today. They don't want a promise that we will get somebody a year from now. It takes time to re-engineer that process and every process in this Organization is being looked at and re-engineered. And amazing, wonderful things come out of this thing and, we hope, enthusiasm but I must also admit Ian some apprehension. That's natural. We try to alleviate it. The Secretary-General has made a commitment that he does not believe it will be necessary to dismiss anybody from

the Organization. We've got enough vacancies and we're also faced with a rather incredible situation where for the next five to ten years, every year 500 staff members will leave – 5,000 in ten years. We only have 8,800. We can re-invent the entire Organization in a relatively short time without dismissing anybody. I think that's very much the way we all like to do business.

LITTLEJOHNS: This is **World Chronicle.** Our guest is UN Under-Secretary-General for Administration and Management, Joseph Connor.

PFAEFFLE: Mr. Connor, I would like to come back to this point of traveling. This is certainly also true in the case of translators who come here every General Assembly. You bring in these people from overseas. Why can't that be out-sourced like the private sector does? Why do people have to be flown into New York at a very high per diem cost when it can be done by a computer if you don't really need to have the people here?

CONNOR: Well, we have a peak work session as you're obviously aware when the General Assembly is in session for part of the year and what you described was exactly the way we operated about three years ago. Now we do not do that. Oh, yes, we hire people outside of New York but they are hired on the basis of New York-based contracts so there is no travel expense that the Organization pays and there is no per diem that the Organization pays. The market is in Geneva – the availability of translators, interpreters. That's where they like to live – and many of them are retired, some of them from the UN – and they get to New York on the basis of those contracts. It has worked amazingly well at quite a reduced cost. I think that it was an innovation to realize that in effect the UN makes the market. We are the biggest users of translated material and interpretation and so we begin to study the economics of it and where people could be found and where they would willingly go to work and it has been overwhelmingly successful.

PFAEFFLE: Why do you need staff translators at all? Can that be all done by out-sourcing?

CONNOR: It can't. The quality. We certainly experimented with that and to a degree it was available but not in the quantity that we need. That's why I mentioned

Geneva. With all the international organizations there, you have many, many more opportunities to attract a very wide group of interpreters and translators. The UN standards, and many of these are retired UN people, not exclusively obviously. The standard on interpretation and translation is very, very high in this Organization and Member States make sure that the translation and interpretation is up to the best quality of their particular language. So I think that there always is not only a cost-differential but a quality differential and while you periodically go through periods where the quality isn't quite what you want, by and large over a long number of years we've done pretty well.

WILLIAMS: To get back to the mathematics, the pluses and the minuses – I mean all of us have that bad feeling in the first few weeks or in the first week or so of the month when you start opening the bills.

CONNOR: Yes.

WILLIAMS: I mean my bills are bad but yours are of a whole different scale and dimension and obviously you have to juggle which people you pay first. One of the things that's often concerned people is what the documents often and the delegates often refer to clearly as the major contributor, mainly the United States, also provides a lot of peacekeeping input over the last few years and yet has defaulted, not totally defaulted but deferred, shall we say, payment both for peacekeeping and on its contributions. And yet I understand obviously some delegations are concerned that the United States, I gather, is paid very promptly for its peacekeeping contributions. So the Pentagon gets its money whereas the Treasury is sitting on the checks that should be coming to the UN. And from the private enterprise, would you have it this way around that you would be paying your biggest debtor before you pay other people?

CONNOR: I read just a couple of months ago a book on the founding of the United Nations. I wish I had been there because I would have stuck a clause in the Charter that said "We need some capital, we need some reserves. We can't operate as you do with your youngster in high school, I will give you an allowance at beginning of the month. Don't run out by the end of the month." We have no capital, we have no reserve. We have two means of financing. One we call the regular budget which pays for the

operation of the General Assembly, the Security Council and a number of other activities. It's assessed at the beginning of the calendar year. We expect all Member States to pay it in full, hopefully within 31 days. Out of 185 countries, we actually had 36 who are in under the gun. By the end of the year, last year's experience, we had collected in full for 117 countries. Better than what we have done before. We turned a little bit into a collection agency – we dun people. But last year, surprisingly, was a good year. We received, as you say the major contributor, more regular budget cash than they had been assessed. It came late in the year. As a result, for the first time in four years, we ended up calendar year 199, with only having to borrow a very small 40 million dollars from peacekeeping. Why did that happen? Basically, it's the pattern that the major contributor followed. They always have paid, in the last 20 years, late in the calendar year. That wasn't so bad as long as we got enough cash by the end of the calendar year representing their assessment. But in the beginning of the 1980's, they purposely delayed until late in the year and it kept getting later and later and unfortunately, in 1995, half of what the Congress had appropriated was collected in the year of assessment, the other half had slipped into the next year. That year, we had to borrow 200 million from peacekeeping. But last year, the turn-around began. Partly that was because of what we call "a requirement not to find yourself more than two years in arrears, you lose your vote". And so we collected a 110 percent from the major contributor against its assessments and since that condition will continue into 1999, we are hopefully going to see more of the turn-around. We will collect ....

WILLIAMS: Is it true that the UN is actually paying money for peacekeeping debts to the US?

CONNOR: Now let me get to peacekeeping. I work the same way, except that we assess based on six months, sometimes a year, for a particular peacekeeping mission. We collect that slowly. And that is the bulk of the amount that we have not collected from Member States. When we use our cash as it comes in for peacekeeping, we have to pay our vendor's bills – they'll shut us off if we don't – and one of the vendors is when we buy military equipment from a Member State. The US is one of those that we would do that

from and in almost every instance, we have to pay cash on the barrel head. That's their national law. There's only one group of creditors that we don't find ourselves in quite the straits with and that's when we rent the troops and rent the equipment that we're going to use on a peacekeeping mission. And who supplies it? The Member States themselves. Now, we have run up a credit card bill of 850 million dollars that we cannot pay until we collect a similar amount from those who have not paid their assessments. In fact, the major contributor is the major debtor on that score and until that country, and two or three others, they collectively account for about 90 percent of the peacekeeping arrears, make those payments, I can only thank the Member States who patiently wait to get paid for the equipment and troops that we "rent" for their patience and forbearance. This is no way to run an organization. It's the way that we have found ourselves forced to use. It's both imprudent, borders on reckless and you can get caught with this.

LITTLEJOHNS: Walter you want to go for it?

PFAEFFLE: Mr. Connor you mentioned before that 36 countries have paid up ahead of time – on time, but on the other hand, 42 countries, I just read before coming here, have lost their voting rights in the General Assembly because they have not paid. That's an extraordinary number. That's always one-fifth of the entire membership. What accounts for that?

CONNOR: I think that the number starts at the beginning of the year with about 40. That was about the number we had in January of 1998. By the end of the year, that has dropped down to about seven or eight. Countries pay during the year and some of them, I would say, pay enough to regain the vote. That's not good from our viewpoint. It may be necessary from theirs. These are, for the most part, immediately identifiable countries with severe economic problems. The situation is of concern. It's particularly of concern because there were so many Member States whose assessment levels were changed last year and, in particular, many of the developing countries were in that category. We had hoped that that 40 would drop more dramatically than it has historically. Ask me back in a year and I'll let you know how it turned out.

LITTLEJOHNS: Another question Walter?

PFAEFFLE: Well, I want to also find out about what happened to some of the money that was spent – that was overspent. For instance in the case of UNIKOM the UN overpaid staff members some six –

LITTLEJOHNS: UNIKOM? What's UNIKOM?

PFAEFFLE: That's the UN Peacekeeping Force between Iraq and Kuwait . And staff members who went there were overpaid and the UN tried later to recuperate the money and I think so far it has only gotten one million dollars back.

CONNOR: You're right on with a situation that, frankly, was a nightmare. Why did they get overpaid, what did they get overpaid for, why was daily subsistence allowance paid to both the military and the civilian components that were on that peacekeeping mission? I took a look at the rule as to how you compute the daily subsistence allowance. Do you pay it when somebody is out of the territory on R&R through a couple of days and which days are the holidays, which one is counted? Enormous complexity of the rules. This was developed in an audit that there was a problem and one of the, and perhaps the key part of the problem, was very difficult rule to interpret. They were also true for other missions that had difficulty interpreting the same rule. We've all now started to collect back. The difficulty in collecting back is not so much with the UN civilian staff members because they are still in our employ and we can force the collection – it's in the military.

LITTLEJOHNS: Mr. Connor, that's all the time we have. Thank you for being with us on this edition of **World Chronicle.** Our guest has been UN Under-Secretary-General for Administration and Management, Joseph Connor. He was interviewed by Ian Williams of *The Nation* and Walter Pfaeffle of *Kuwait News Agency, KUNA*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**